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Internet Marketing Strategy in China

Case company : Tmall

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ABSTRACT

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The objective of this thesis was to do a research of internet marketing strategy in China. Tmall was chosen as the case company. The main research question was included: 1) The current situation of internet marketing under the background of e-business in China. 2) The common strategies to carry out internet marketing for companies in China. The recommendation for the case company will be pointed at the end of thesis.

In order to made a deep study, the first part consists of four sections of the theoretical content of internet marketing and internet marketing strategies, which includes Internet Marketing Foundation, Environment Analysis, Internet with Marketing Mix, and Business-to-Consumer Internet Marketing.

After the theoretical part, the quantitative method was chosen for the empirical research. A questionnaire about internet marketing in China and the case company-Tmall was sent to totally 200 persons in China and got the 148 were received back. The aim is to understand the attitudes of people of different ages and different genders on online shopping and the reaction and recognition of various internet marketing methods.

In conclusion, firstly, the advantages of internet marketing compared with traditional marketing will be illustrated. The problems it had would also be expressed. Secondly, the common strategies to carry out internet marketing of Tmall will be pointed out. Lastly, the recommendations for Tmall will be shared at the end of thesis.

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APPENDIX 1. Questionnaire

1 INTRODUCTION

This study focuses on the Chinese online market strategy. In this chapter, the background of the study will first be presented. It mainly includes the current situation of Chinese internet marketing in the background of e-business. Tmall as a mainstream e-commerce platform in China will be introduced as the case company. This is more conducive to combining theory with practice in this research. Then the research problems and objectives will be listed. The limitation of research will be described in the fourth section. Finally, the outline of this study will be shown.

1.1 Background of research

The rapid development of modern information and communication technology based on the internet has set off a wave of network all around the world. The widespread use of the internet promoted the development of e-business. At the same time, internet marketing was also develop quickly. It not only involves the traditional enterprises, but also the new cutting-edge companies. (China Netcom network 2017) So internet marketing is the inevitable strategic choice for the development of enterprises in the age of digital economy. As the figure 1 shows, the total amount of Chinese e-commerce transactions was 12.3 trillion Chinese Yuan in 2014. There was an increase of 21.3% compared with last year. Online shopping grew by 48.7%, which is becoming the important force to promote the development of Chinese e-business market. (E Rui 2015)



Figure 1. The market transaction size of Chinese e-business from 2011 to 2018 (iresearch 2015 modified).

The growth of internet marketing and e-business is accompanied by the development of information technology. The development and application of internet technology has changed the distribution and acceptance of information in the economic system. It transferred the environment of life, work, study, cooperation and communication. (Trade Journals 2003-2009) Therefore, enterprises should actively use the new technology to change the philosophy, organization and management methods of business. At present, the development of information technology especially the advances in communication technology, promote the internet to become a stronger and more innovative media. According to analysis this “new media” can find an advanced strategy for enterprises in the age of new economic. (Chaston 2001)

The start of internet marketing is mainly based on the role of two factors. (Lmoljk00a7 2017) One is the rapid development of modern IT, which is the booster of internet marketing growth. The development of internet provides new opportunities for the traditional marketing. (CNNIC 2017) The figure 2 shows that the number of mobile users already exceeded the PC internet users from 2012 in China. It makes the internet marketing more popular in people’s daily life than before. (China Cloud 2016)

From 2012, the amounts of internet mobile user to be greater than the PC user



Figure 2. In 2012, the number of internet mobile user exceeded the PC users. (Analysis 2016 modified)

The other factor is the changes of marketing and customer behavior, which is the driving force behind the growth of internet marketing. (Shaohua Qingfuzy 2017) Traditional marketing is based on the “physical market” as marketing space such like the store shopping. However, IT created the “time and space marketing” called online shopping, breaking the limitation of time and space to achieve full satisfaction and at the same time motivating and creating the new demand. Consumers will become relatively strong leaders in the transaction on the internet era. Because the power is turning from the seller to the buyer. The leading and personalization of the consumer is the universal form in the internet age. (Marshall& McKay& Burn 2001)

1.2 Introduction of case company - Tmall

Tmall, the original name is Taobao, was established on April 10, 2008, and is owned by the Alibaba group. It is a comprehensive shopping business-to consumer website. Tmall incorporates thousands of brands, manufacturers and one-stop solutions for businesses and consumers, providing the services of 100% quality assurance of goods, after-sales service of 7-days no reason to return as well as shopping points. Meanwhile, also offering the imported oversea goods for domestic customers. Tmall already has more than 180 million buyers, 15,000 businessmen, 20,000 brands. (Baiké) The figure 3 shows the ratio of Business-to-Customer online shopping market share in 2016. Tmall occupied the biggest part with 57.7%. Therefore, Tmall has become the most influential trading platform. (Sina 2016)

Tmall hosts a global shopping festival on November 11 each year. In 2016, according to the real-time data by Alibaba, the total turnover of this festival was over 120.7 billion Chinese Yuan, including 657 million logistic orders, 235 countries and regions. Among them, the top 5 most active oversea countries are Russia, Spain, Israel, Ukraine and France. (Baiké 2016)

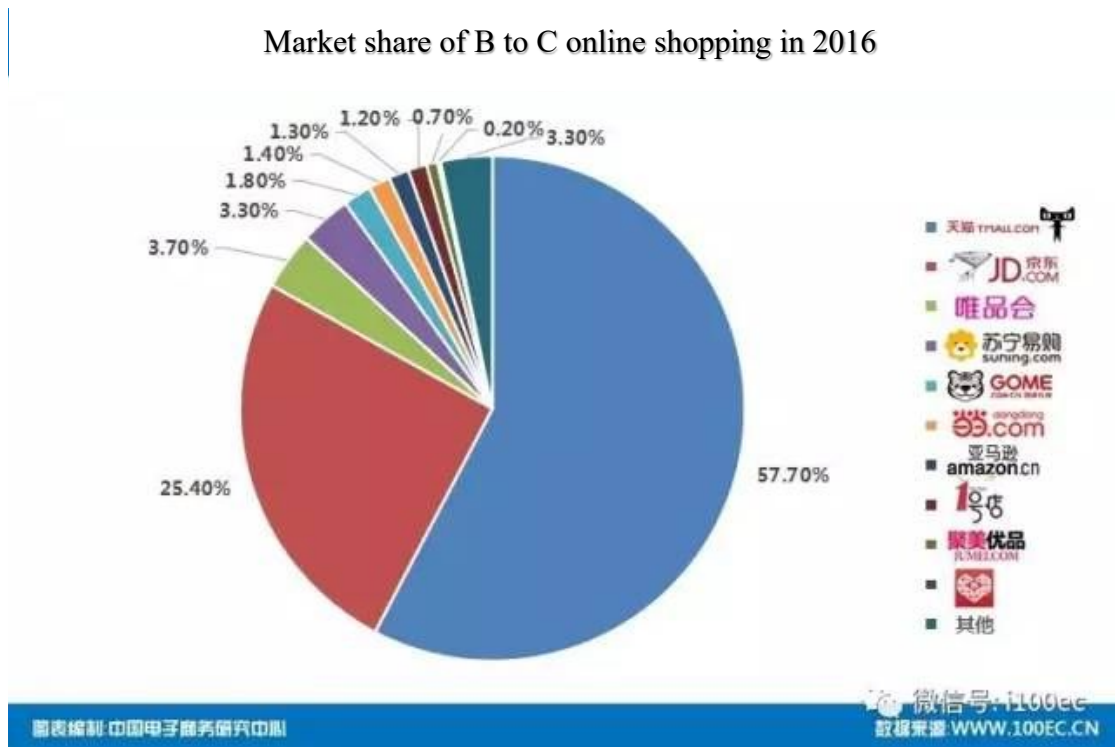


Figure 3. The ratio of online shopping marketing share in 2016 (100EC 2016 modified)

1.3 Research problems and objectives

Internet marketing is not limited by the time and space. It changed the shape of traditional marketing to a large extent. It improves the efficiency, reduces costs, expands the market, and brings the social and economic benefits for the enterprise. Internationalization, informatization and paperlessness of internet marketing have become the trends of enterprises' marketing development.

According to the practice of Chinese enterprises, e-business is still in a lead-in period at present. Therefore, it is a practical solution for enterprises to start from internet marketing. So in this thesis, the aim of the research is the following:

- 1) To study current situation of internet marketing under the background of e-business in China, which include:
 - a) The features of internet marketing
 - b) The advantages compared with traditional marketing
 - c) The problems it has
- 2) To study common strategies to carry out internet marketing for enterprises in China
 - a) Combined with marketing strategy of case company- Tmall

- b) Analyzing the existing problems of Tmall
- c) Giving the recommendations

1.4 Limitation of research

The purpose of this research is to study the internet marketing strategy in China, and Tmall was chosen to be the sample company. However, it is just one of the largest e-business enterprises, the final results will not completely represent the entire situation of Chinese internet marketing. Secondly, not all the data of the enterprise's internet marketing strategy can be found on the internet because it might be related to the development of strategic issues and survival advantages issues for the enterprise. So the collection of information might face difficulties. Besides, the amount of questionnaires' answer is about 100-200. It is a small sample of customers which might cause the results to be inaccurate.

1.5 Structure of thesis

The thesis is divided into four parts.

Chapter 1 is the introduction of research, including the background of current internet marketing, introduction of case company – Tmall, the main objectives of this study, the limitation this research has and the overall of this thesis.

Chapter 2 is the theoretical part. In this part, the basic theory of internet marketing will be presented.

Chapter 3 is quantitative research which is including the questionnaire. The survey was sent to 200 Chinese. 148 valid responses were recorded. The result of the survey will be concluded.

Chapter 4 is the conclusion part which includes two parts. The first part is the summary of the thesis according to survey and theoretical research. The second part is the recommendations for the case company – Tmall.

2 THEORETICAL ANALYSIS

With the development of market economy, the scope of marketing activities has gradually expanded, the market is becoming more and more competitive. The traditional marketing theory is more difficult to adapt to the complex marketing environment. The limitation of traditional marketing theory is increasingly obvious. While strengthening the traditional marketing theory, some new and different theories of internet marketing have also been proposed. In this chapter, four aspects of internet marketing theory will be point out based on the traditional marketing theory.

2.1 Internet Marketing Foundation

The Chinese scholars Shi Xiaojun and Li Hengjin have put forward a system that believed the basis of internet marketing should consist of five factors: Direct Marketing, Relationship Marketing, Viral Marketing, Experiential Marketing, Network Integrated Marketing. This theoretical framework has guided the study of China's internet marketing for a period of time. (Liu Xianghui 2009, 37)

2.1.1 Direct Response Marketing

According to a definition by Bob Stone (1991), direct marketing is an interactive marketing system that uses one or more types of advertising media to work on measurable responses and/or transaction from anywhere. (Stone 1991, 3) In terms of definition, some key words can be picked that recognize direct marketing with other marketing concepts: Firstly, "interaction", communicating one by one between potential customers and marketers is an important key. Secondly, "one or more advertising media", direct marketing is not limited to any kind of media. In fact, distributors have found synergies between the media. The mix of media usually much more effective than either type of media. Thirdly, measurability is a sign of direct marketing. It means that everything is measurable. The last key is "transaction at any location". The world is oyster which means that everyone can achieve whatever they want. The transactions can be able to be accessed by phone, by mail, and by individual visit. (Brain & Housden 2002, 45)

The direct response marketing originated in the United States by Josiah Wedgwood in 1872. He founded the first mail order business store, marking a new method of marketing, which marks a new generation of marketing. However, direct response marketing did not

pay attention to people, it was even be seen as an improper marketing method in the 1980s. After that period, it had been rapidly developed. Its unique advantages are gradually understood by enterprises and consumers. (Sargeant & West 2001) A definition was given by American Direct Marketing Association “A marketing system to generate a measurable response anywhere and/or to achieve the interaction of one or more advertising media used in the transaction”. Drayton Bird (2007) considered that direct marketing refers to any advertising activity that creates and develops direct relationships, under the condition that your target object and existing customers are treated as independent individuals. In other words, it is an interactive marketing system that enables customers or potential customers to understand products and services through one or more advertising media, and engaging in marketing activities that effectively respond or conclude a transaction anywhere. (Ward & Kalyanam 2007, 10)

2.1.2 Relationship Marketing

Relationship marketing refers to the marketing activities as an interactive process, between corporate and consumers, suppliers, distributors, competitors, government agencies and other public. The core is to establish and develop good relations between these actors. It consists of two basic points: firstly, from a macroscopic point of view, it is recognized that marketing influences a wide range of areas including the consumer market and the influencer market. Secondly, at the microscopic level, it recognizes that the relationship between the enterprise and customer is constantly changing. The core of marketing should shift from simple one-off transaction in the past to paying attention to maintain long-term relationships. (Egan 2008, 17)

Professor Leonard made the earliest definition of relationship marketing in a report by the American Marketing Society. In his views, relationship marketing is to attract, maintain and enhance customer relationships. Later in 1996, he gave a more comprehensive definition that relationship marketing is the process of identifying, establishing, maintaining, promoting relationships with consumers and where necessary, terminating relationship in order to meet the goal of the company and its stakeholders, which can only be achieved through exchange and commitment. The industrial marketing expert O'Toole, T and Donaldson (2003) described relational marketing from the industrial marketing's view as: relationship marketing focuses on attracting, developing and preserving customer relationships. From economic exchange and the social exchange of difference,

Baron and Conway (2010) considered that the purpose of relationship marketing is to establish, develop and maintain successful relationship-exchange marketing campaigns. What's more, Jobber, David (2001) defined relational marketing from the perspective of the competitive network. From his views, relationship marketing means the market is seen as a kind of relationship, interaction and network. (Harwood & Toney 2008, 15)

2.1.3 Viral Marketing

Viral marketing refers to that initiator sends the initial information of product to the user, then it rely on the user's word of mouth to promote which is a common and vary effective method of internet marketing. It describes a strategy of information transfer, which called viral marketing in economics. Because this strategy just like a virus, using the method of rapidly copy to pass the information to thousands and millions of people. (Jagdish & Abdolreza & Balaji 2001, 138)

Comparing with other marketing methods, viral marketing has its own unique characteristics. First of all, it has an etiology with viral infectivity. Viral marketing uses influencers to affect people who are in "low-immunity" group, in a sense. It is difficult to achieve the goal and effect, once the etiology has no value or influence. Therefore, Wilde, Sven (2014) suggested that companies need to pay attention to several points to carry out the viral marketing: firstly, corporates need to provide products or services that are innovative and imaginative or even profitable and resonant to customers. This is actually an excellent etiology. Otherwise customers will be disgusted with it. Secondly, viral marketing needs to be based on a basic purpose to carry out the marketing activities that consumers browsing the internet is to obtain information in order to bring valuable products and services. (Ward 2000)

2.1.4 Experiential Marketing

Bernd, Schmitt (1999) thinks the experience is usually caused by direct observation and participation of events, which is the personalization of people. He also thinks experiential marketing is a way of redefining and designing marketing from the perspective of customer's sense, feel, think, act and relate. In this kind of way, customers think both rationality and sensibility at the moment of consumption. Their experience of before and after consumption is the key to do the research of customer behavior and brand management.

According to various media, including communication, identification, product, brand, environment, website, experiential marketing stimulates consumers' sense and emotion, causing customers' thinking and association. So it emphasizes the satisfaction of people's spiritual, social and personal needs. From the enterprise point of view, it integrates the sense, feel, think, act, relate of consumers as a whole, setting as the main basis of design, production of goods and services. By creating, providing and selling experience, a marketing management process that enables customers to participate actively into the process of purchasing and consuming. (Schmitt 1999, 64)

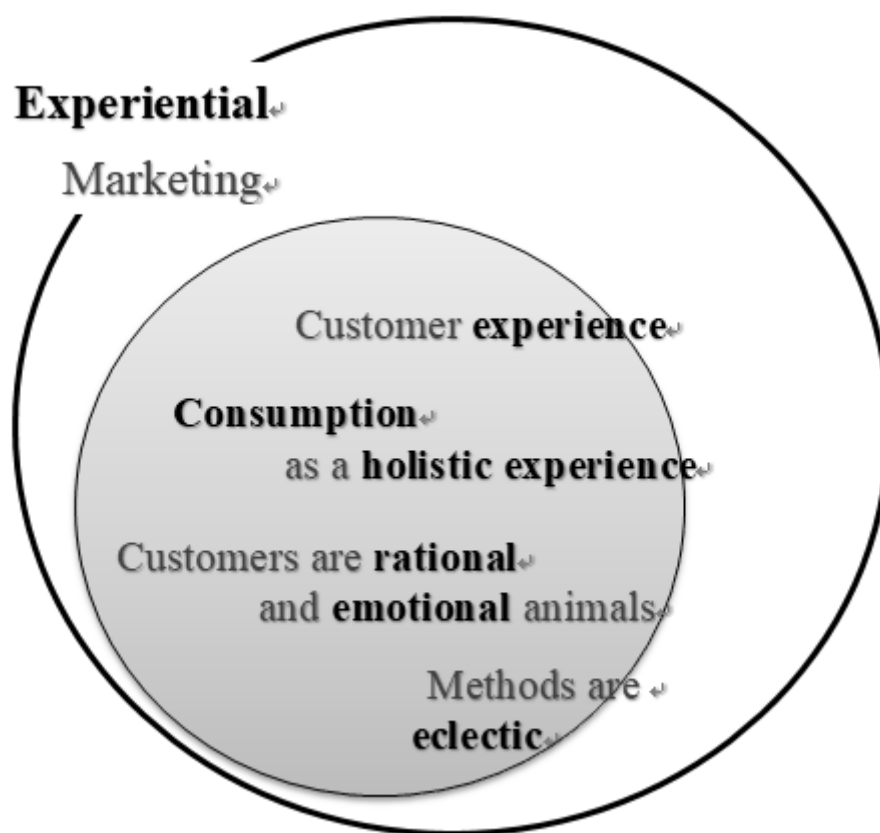


Figure 4. Features of Experiential Marketing (Experiential marketing 1999)

B. Joseph Pine II (2011) believes the core of experiential marketing is that not only providing customers with satisfying products and services, but also creating and providing valuable experiences for them. Comparing with traditional marketing, there are four characteristics of experiential marketing (see figure 4): firstly, focusing on customers' experience. It pays attention to consumers' consumption of products and services, concentrates on the experience of customers as well. It gain benefits by providing customers with valuable experiences. Secondly, looking at product classification and competition

from the perspective of the overall experience. Experiential marketing regards consumption as a holistic experience. What it considers is not a specific product, but whether each product is suitable for the situation of overall consumption and the experience provided by such situation, which changes the perception of market opportunities and broadens the scope of product categories as well. Thirdly, cognizing customers from a perspective of rationality and sensibility. It considers that customers are complex. There is a same probability of purchasing power no matter the rational or impulsive you are. Lastly, Making use of variety of marketing methods to create and discover the experience for customers. Experience is an integrated and complex process. The methods of experiential marketing are different with traditional marketing because it could be changeable and comprehensive. (Pine & Gilmore 2011, 78)

2.1.5 Network Integrated Marketing Communication (e-IMC)

IMC was first defined by Don E. Schultz in 1993, he considered Integrated marketing communications is the procedure of managing all origins of information about a product or service, exposing integrated messages to customers and potential customers, generating buying behaviour, and maintaining consumer loyalty. (Schultz & Tannenbaum & Lauterborn 1993, 10)

The development of network not only makes the integrated marketing to be more practical, but also make fully use of the characteristics and advantages of the integrated marketing, which improve the status of customers during the whole marketing process. The interactive nature of network makes it possible for customers to genuinely participate in the marketing process. It means that customers' initiatives of involvement and selective have been strengthened. In this way, internet marketing, first of all, integrate customers into the marketing process, beginning with their needs and then start the entire marketing process. In addition, it is essential that continue to interact with customers in the whole marketing process. Each decision-making during the process should start from customers rather than the perspective of the enterprise own. (Ellsworth & Ellsworth 1997)

In theory part, network integrated marketing achieved the transform from 4P Strategies (Product, Pricing, Place, Promotion), which occupied a central position in traditional marketing theory, to 4C Strategies (Customer, Cost, Communication, Convenient). The starting points of traditional 4P theory does not regard the demand of customers as important

as the corporate profits. The marketing decision it guides is a one-way chain. However, internet marketing requires the enterprise to consider both customer demand and corporate profits. The origin of the marketing process should be customer demand. Marketing strategies (4P) are on the premise of meeting the requirements (4C) to maximize corporate profits. The ultimate realization is the consumer satisfaction and maximization of enterprise profit. Because the personalized demand of customers have been satisfied, which make a positive impression on products and services of corporate from customers' point of views. When they need the products for the second time, customers would have a preference for the products and services. With these two rounds of interaction, products and services might better meet their demand. Through this process, on the one hand, the personalized needs of customers continue to get better satisfaction, establishing a sense of loyalty to company's product. On the other hand, the relationship between the customers and the business becomes closer, which achieves one-to-one feedback communication with customers. This is a fundamental of network integration marketing theory (see figure 5), which embodies the features customers as the starting point and continuous interacts between the enterprise and the customers. Meanwhile, its decision-making process is a two-way chain. (Drayton 2007, 59)

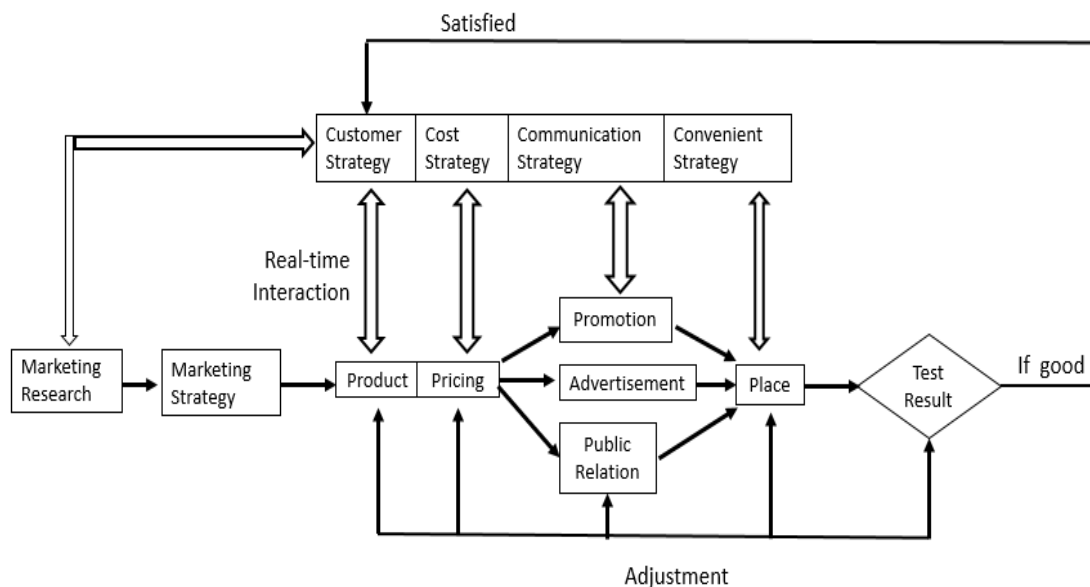


Figure 5. Decision-making process of network integration marketing (Integrated Marketing Communication, 1993)

2.2 Environmental Analysis

The era of internet economy is both an opportunity and a challenge. While focusing on the technology, security and credit of the Internet economy, entrepreneurs and experts ignore an important issue. The environment of internet marketing has been different from the previous marketing environment. (Li Zhouqin 2013)

Enterprise should pay attention to the environment when formulating marketing strategies because the production and operation activities of the enterprise will be affected by the external environment. Mayer Richard (2003) divided the marketing environment into two modules - the internet marketing environment and the internet consumption environment. The analysis of internet marketing environment helps companies to find significant development opportunities in the current environment and to avoid major threats, promoting the development of enterprises. At the same time, consumer behavior has new characteristics in the environment of internet marketing, for example, personalized consumption, buying behavior has been more rational, the demand for convenience is higher, focus on the service needs and so on. In order to better meet the needs of consumers, in this case, companies must understand the specific internet marketing environment. (Mayer & Ellis-Chadwick & Chaffey & Johnston 2003, 85)

2.2.1 Environment of Internet Marketing

The internet marketing environment mainly includes macro political and legal environment, economic environment, social and cultural environment, and technical environment. (Ward 2000)

Political and Legal Environment

Political and legal environment refers to the political system, laws and regulations of a country or region. It is the foundation of internet marketing and the basis of any business activity. Internet marketing is likely to be carried out in a certain area because of a policy of government, which benefits to the local internet marketing activities. However, if local politics are unstable, there is no guarantee about continuity of economic policy, and policies that allow companies to enter the local market are likely to be revised at any time. The role of government in political environment is mainly reflected in two aspects. (Mayer 2003, 123) On the one hand, the government promotes economic development

by formulating a series of policies to create a sound economic environment. On the other hand, the government restricts and standardizes business activities of enterprises, ensuring that the whole market activities are conducted in a regular way. In order to guarantee that the internet marketing develop in an orderly environment, legal means must be used to make sure specification and adjustment of internet marketing, setting out a complete law about internet marketing. (Sparrow 2000)

Economic Environment

Economic environment refers to the various economic conditions, economic characteristics, economic ties and other factors that enterprises face in the process of internet marketing activities. It has the most direct and broadest impact on enterprise marketing. It is essential that internet marketing is conducted in area of relatively economically developed and well economic potential. Because internet marketing is the carrier of network. It requires a well-established network infrastructure in the region, and a certain number of fixed Internet users or personal computer owners. These users must also have the corresponding leisure time, accepting the online marketing of such sales mode. Otherwise they cannot become the potential customers of the enterprise. The enterprise could not carry out internet marketing if the economic environment cannot provide a certain number of potential customers and complete logistics infrastructure. GDP is an important index of economic environment. The improvement of GDP per capita would bring huge purchasing power, which will be conducive to the internet consumption, promoting the rapid development of internet marketing. (Trade Journals 2003-2009)

Social and Cultural Environment

There are obvious differences of the social and cultural environments between different countries and regions. The rapid development of Internet has formed a new internet culture environment. And online shopping has become a new experience of social life. Due to the particularity of the internet market, online shopping can meet the personalized demand of consumers, bringing new shopping feelings to consumers. Although the network is virtual, the internet culture which include changes in consumer psychology, knowledge structure, level of morality, values and behavioral characteristics, influence consumers' online shopping behavior. The ways in which consumers think and understand are influenced by online cultural differences. The internet makes culture exchange more extensive,

enhancing people's ability to accept external things and provides a broader market opportunity for companies. (Mayer 2003, 121)

Technical Environment

Technical environment refers to the technological factors and conditions of enterprise operating activities, and corresponding network technology and equipment are the basic conditions for carrying out internet marketing. In recent years, there is gradually improved network informatization in China. As the statistics report of the 40th China Internet Development showed, the number of Chinese Internet users reached 751 million till 2017, which accounts for a fifth of the world's Internet users. (China Business Industry Research Institute 2017)

The wide application of information technology enables the enterprise to realize the production network, enterprise culture promotion network and marketing network. This will help expand the popularity of company, convenient for more customers and increase more orders. Besides, it can also save the operation cost and increase the efficiency of the staff. At the same time, currency information is converted into electronic signals to be transmitted online, thus replacing the circulation of payment vouchers such as cheques and remittances in real life, which realized the currency exchange on the network platform. The key of this technology lies in the security, accuracy and speed of inter-bank financial transactions, and the establishment of the automatic clearing center mark the information network of business payment. (Barnes & Hunt 2001, 97)

2.2.2 Environment of Internet Consumption

The internet consumption environment is the analysis of the demand, psychology and purchase behavior of the consumers. With the appearance of internet marketing, consumer requirement and shopping behavior show new characteristics and trends. Online consumers are more independent and more rational. When consumers buy a certain product, they will search online and obtain relevant information of the product to compare with other products, thus increasing the trust of the product, which reduces the risk of buying and meets the psychological needs of consumers. In addition, in the network environment, there is stronger performance of consumer personality needs. At the same time, consumers are more and more demanding of products and services, which makes the re-

relationship between the enterprise and the consumer turn from one-way to multi-directional interaction. Through the internet, companies and consumers can communicate with each other at any time and consult the relevant information of products. On the one hand, the interaction satisfies the customized demand of consumers, on the other hand, it also increases the satisfaction of consumers. (Ward 2007, 289)

The motivation of purchase is the internal force that urges consumers to make certain purchase activities during process. It reflects consumers' psychological needs and emotional needs, and it is a direct driver of consumers' purchasing behavior. The purchasing motivation of online consumers can be generally divided into two categories: demand motivation and psychological motivation. Demand motivation is the purchasing motivation caused by people's various needs. Psychological motivation is the motivation of the psychological process. Generally speaking, interest, aggregation and communication are the needs that people desire to be satisfied in an internet environment. Interest is the biggest reason why people are keen on the internet. (Ward 2000, 107) There is a great deal of satisfaction when people are searching for information online about their needs and successfully obtaining relevant information. Virtual society is not limited by time and space, it provide people with opportunities to gather. On such a platform as the Internet, each member is equal to express own opinion, which is also the release of pressure. There is a natural need for communication when internet user gather together. As the increasing frequency of communication, the scope of communication is expanding constantly, which forms the place for commodity information trading. Online user will share experiences in purchasing products, becoming information interactions. (Wilde 2014)

The role of consumers has also changed significantly with the way of information exchange in the internet environment. The information transfer modes of network environment appear in many shapes, including one-to-one mode and multi-mode. Such information communication process is dynamic. In the new mode of communication, no matter consumers or businesses are both publishers and receivers of information. In addition to being able to interact directly with the enterprise through the internet platform, it is also possible to release the purchase demand in the media. Because of the change of communication mode, the purchase behavior of consumers has a great impact. (Mayer 2003, 70)

2.3 The Internet with Marketing Mix

Marketing Mix is an important concept in modern marketing, which contains four basic variables that can be controlled-product, price, place and promotion (see figure 6). And the marketing strategies of an enterprise is always revolves around these four variables. The market under the influence of the internet requires the renewal of marketing strategy. Therefore, companies that carry out internet marketing should regard market which affected by the internet as life to adjust and update own marketing strategies. (Chaston 2001, 152)

Product	Price	Promotion	Place
Product variety			Middleman
Quality	List price	Advertisement	Channel Length
Design	Discount	Sales promotion	Coverage area
Performance	Allowance	Personal selling	Inventory
Packaging	Credit terms	Direct selling	Transportation
Branding	Payment terms	Public relations	Location
Service			Commodity
Delivery			classification

Figure 6. 4Ps of Marketing Mix (Internet marketing, 2003 modified)

2.3.1 Product strategy

The wide application of the network has considerably changed the business environment and business philosophy of the companies. The decision of the new product or product mix is fully reflect the marketing strategy which is user-centric. Chaffey (2003) proposed three main features of product strategy. Firstly, products and services are customer-centric. Companies can set up websites on the internet. Customers browse the products and services of enterprises under the guidance of internet. In order to provide consumers with the products and services they need, companies deal with the information from internet and produce it in time for the purpose of shorting the time that products entre the market and the distance between enterprises and customers, improving the production efficiency and marketing efficiency of enterprise. Secondly, matching the personalized requirement of consumers. Due to the openness and interactivity of the internet, customers can make specific demands on products and services. Enterprises should regard consumers as part-

ners, communicating with consumers by internet. And customers could have the opportunity to participate in the design, improvement of products in companies. Finally, providing personalized products and services that meet the requirements of customers. Lastly, the computer integrated manufacturing system should be widely used. In order to adapt to the rapid variation of market demand or to provide customized products and services according to consumers' demands, enterprises must have advanced integrated manufacturing system to support them. This trend reflects that companies, in the process of manufacturing goods and services, have turned the materials they used to rely on to the manufacturing process which add digital technology to. The objective is to satisfy consumer demand, to improve the adaptability of market environment and the ability of rapid response in terms of company. (Mayer 2003, 185)

2.3.2 Price strategy

Price is a significant part of marketing activities, which directly affects the income and profit of company. In the traditional marketing mix, the fixed price which based on product cost, demand and competition, is made by company, consumers are just passively accepts. The change of information communication mode brought by internet influences the select of product and service pricing strategy. Online information dissemination is gradually transparent and fast. Customers are more and more aware of the price of similar products on the market, so shopping for customer is becoming more rational. Actually, there are different characteristics with traditional marketing mix in terms of pricing strategy. The pricing strategy of network marketing is mainly reflected in following three areas: First is customer-centric pricing. Enterprises contact with customers according to internet, understanding the demand and price identification standard of customers. (Jagdish 2001) Based on these information, company provides customers with product design and production plan to choose until customers agree to confirm the production and sales. Enterprises to meet the different preferences of consumers while reducing price sensitivity towards consumer. The prices which paid by customers include product design, understanding of consumer demand, market forecasting, etc. Second is creating price advantage. The transparency of the information has improved in the internet era, and the advantage of price competition has been relatively weakened. Therefore, companies are relying more on non-price competition to create price advantages. For customers, the reasonable price is displaying not only the lower price, but also the product brand, technical

content, considerate services, technical support, degree of recognition, etc. What enterprise should do is making full use of modern information technology, increasing the technological content of product and product differentiation. Doing the better and faster design, manufacturing the product that meet the customer demand, in order to build own brand image. Thirdly, there is a quick and accurate response towards the price. The usage of network and database in marketing makes the design, research and collect information of enterprise more timely and accurate. Companies can keep abreast of competitors' price information, adjusting own price to respond to rapid changes of price in this information era. (Ward 2000, 393)

2.3.3 Place strategy

The internet connects consumer directly with companies, providing a new channel of sale. It can be divided into two modes, one is direct channel- producers to consumers, which refers to the production companies to set up their own website and sell product through the site, the other is indirect channel- producers to internet companies to consumers which indicates enterprises to establish e-mall online, carrying out online sales. However, no matter which place it be, distribution is the first problem that must be addressed. In other words, a suitable marketing distribution center should be built by company to ensure that goods reach consumers as soon as possible. There are three main modes of internet marketing logistics distribution system. One is to share a logistics system with traditional marketing. The second is to outsource logistics to a third-party logistics company. In terms of supply chain, outsourcing non-core business to specialized company which engaged in logistics have the greatest competitiveness. Thirdly, internet companies can establish own distribution center. (Branch 2008, 76)

Consumers who shop online do not have direct access to physical commodity, learning about product through the homepage of website. The enterprise should be as simple as possible when designing ordering system and payment and settlement system. Because a perfect ordering system can minimize inventory and reduce sales expenses. (Mayer 2003, 203)

Overall, whether through distribution channels or direct marketing channels, enterprises can fully acquire and utilize external resources by network, forming alliances with business partners to share business opportunities. The Internet, as a commercial distribution

channel, naturally spreads with the extension of the network system without any geographical obstacles. (Sargeant 2001, 163)

2.3.4 Promotion strategy

The enterprise is a marketing organization, and promotion is the important component of its work. Online promotion has the different characteristics with traditional promotion, because online marketing was conducted in the virtual market, delivering information through web technologies. With the emergence of the Internet virtual market, all enterprises have been brought to a unified market in the world. Due to the strong communication ability and extensive coverage of the Internet, the forms of online promotion include online advertising, sales promotion, site promotion and network public relations. (Mayer 2003, 208)

Online advertising currently is the more common way of promotion. It is not broadcast as much as other traditional advertisements, but chosen by customer themselves-customer changing from passive acceptance to active search. As long as companies establish a website or home page on the Internet, then it can be a variety of advertising activities. Consumers can search ads according to own needs, enhancing the contact between company and consumer. Traditional promotion can only provide one-way information transmission, while the Internet is useful for multimedia technology, which can also disseminate product information in the form of sound, image, graphics, text and animation. What's more, the cost of advertising on the Internet is far lower than in other media. Sales promotion is the use of online marketing sites that can be directly sold by enterprises, with price discounts and awards sales promotion products. The site promotion is to use the Internet marketing strategy to expand the popularity of the website, attracting Internet users to visit the site, and promoting the enterprise and products. Companies can establish online promotion alliances with non-competitive vendors to increase opportunities of contact with potential consumers. On the one hand, it will not impact the company's products, on the other hand, it broadens the consumption level of products. In addition, internet public relations is attracting users and enterprises to maintain close relationship and cultivating customer loyalty through the interactive function of internet. The uncertainty and universality of online marketing objects make it easy to establish or destroy the public image of the enterprise. Company have to be patient to deal with each customer requirements carefully. It should also be good at using social networking, email, listing, newsgroups, and

other network communities to set up image, provide information and develop public relations between enterprise and potential customers. (Ellsworth 1997, 313)

2.4 Business to Customer Internet Marketing Strategies

Business to customer is a type of e-business, which refers to the enterprises directly engaged in business activities towards customers. It usually happens in retail, companies carry out the online sales activates with the help of internet. The both parties of transaction exchange information by internet, realizing the search and transmitting of transaction information, trade of tangible goods and intangible services and electronic payment. In this part, several common B2C internet marketing strategy will be introduced. (Ward 2007, 179)

2.4.1 Brand Marketing

Both traditional shopping and online shopping, brand is very important part to customers' purchasing behavior. Customers are more willing to buy well-known and trustworthy products. Therefore, internet branding is the final effect of e-marketing. In order to gain the customer loyalty, companies should establish own internet brands which can rapidly expand sales. The core value of the brand should firstly highlight the functional benefit of the enterprise, for example, let consumers realize that shopping online could effectively lower costs. Brand value can satisfy the psychological demand of customer, stimulating consumption while comparing and choosing products. (Perrey & Spillecke & Armstrong 2011, 95)

A strong brand can provide many competitive advantages for company. B2C enterprises must have a clear positioning of their brand in the target customers' mind. When companies create brand online, they could provide valuable information and service to customers. Companies should also communicate with customers to understand the feelings and satisfaction of consumers' experience toward the online brand, forming positive word-of-mouth which is conducive to the brand building of enterprises. (Perrey 2011, 101)

2.4.2 Website design

Shopping website is the base of internet marketing. The basis of the value of website operation is to provide users with valuable content. Companies should carry out market

research and provide content to target consumers when planning website. Reasonable website layout, simple shopping process, secure network environment and high quality website service system are all essential factors for a successful website. (Ward 2007, 49)

All marketing and promotion activities of B2C online retailers are based on the website. So the internet marketing activities must start from the planning and design website, which combine with business demand, marketing methods and network technologies. An advanced and informative website can better display products, establish corporate image and guide consumer shopping. The breadth of the product on the website determines the appeal of consumer. The more variety and quantity of goods are displayed on the website, the more it will stimulate consumers' desire to buy, and the more likely consumers will buy. (Mayer 2003, 412)

Information feedback has important influence on setting up and carrying out internet marketing. The development of modern network enables enterprises to establish a strong database, which reflects the types, performance, quality and after-sales service of products. The database provides customers with various services, such as real-time understanding of market conditions and timely adjustment of marketing strategies. At the same time, it can also enable enterprises to fully understand customers' demand and consumer preference, providing data support for enterprises to plan marketing strategies. (Ellsworth 1997, 167)

Whether traditional enterprise or e-business, it is a very significant interaction that have a good communication with customers. In the environment of e-commerce, enterprises cannot communicate with customers face to face, which is more likely to cause communication barriers. Therefore, in order to maintain customer satisfaction and loyalty, enterprises should establish diversified communication channels to communicate with consumers in a comprehensive way. Besides, the evaluation after purchase of consumer is also a relatively important mode of spreading word-of-mouth in network marketing. It not only provides reference comments for other consumers, but also provides a lot of real market information for enterprises. (Jagdish 2001, 168)

3 RESEARCH METHODOLOGY AND EMPIRICAL RESEARCH

In this part, the two research methods- quantitative and qualitative research, will firstly be introduced. Then the results of the in-depth questionnaire also will be analyzed.

3.1 Research Method

Qualitative approaches and quantitative approaches are related to discussions on the aspects of quantity and quality of a social phenomenon. Different research methods and research techniques have the research function of these two aspects. (Creswell 2014, 13)

Qualitative research is a kind of approach which judges the nature, characteristic and development of object mainly based on the intuition and experience the analyst. Marshall and Rossman (1989) illustrated that interview, observation and literature is usually used to collect data and to conduct research based on subjective understanding and qualitative analysis. Qualitative research uses induction and deduction, analysis and synthesis, abstraction and generalization to realize the essence of things and reveal the inner laws. This method generally selects smaller sample for in-depth interview to further answer the questions. (Brannen & Bird & Bullock & Bryman & Hammersley & Laurie & Little & Millham & Qureshi 1992, 53-55)

Quantitative research is the process of establishing research hypotheses by statistical investigation method or experimental method, collecting accurate data, and then conducting statistical analysis and testing. Russell (2006) presented that it relies on the measurement, calculation and analysis of things that can be quantified, hoping to achieve the general characteristics of things with a few numerical values. Survey research is the most common method. It refers to a kind of activity in which people can discover the essence of society through the understanding, judgment and analysis of society and phenomena. (Philip & Paap 2001, 10-12)

In this thesis, quantitative research is selected for the main method to do the study. Comparing with qualitative research, quantitative research is more scientific and objective.

3.2 Questionnaire Setting

A questionnaire about the Chinese internet marketing strategy which is related to the theoretical part and the objective of research is designed. The aim of the survey is to understand the attitudes of people of different ages and different genders on online shopping and the reaction and recognition of various internet marketing methods.

There are two parts in the questionnaire. The first part involves ten questions about Chinese internet marketing, including basic information about respondents, places where people shop online, advantages of online shopping which shows the advantages in comparison with traditional marketing, customer behavior, promotional channels and environment of internet marketing. The second part consist of five questions about the case company- Tmall which include shopping experience in Tmall, competitive advantages, product type, consideration factors and problems faced. The purpose is to understand people's views of Tmall's marketing strategy.

Table 1. The link between theory and survey.

Part 1				
Q3	Q4	Q5	Q6	Q7
Relationship Marketing	Place (Marketing Mix)	Relationship Marketing	Experiential Marketing	Product (Marketing Mix)
Experiential Marketing	e-IMC	Experiential Marketing	Environment of Internet consumption	Technical Environment
			Price & Place (Marketing Mix)	
Q8	Q9	Q10		
Promotion(Marketing Mix)	Direct Response Marketing	Political & legal Environment		
	Relationship Marketing	Technical Environment		
	Promotion (Marketing Mix)	Product (Marketing Mix)		
	Environment of Internet Consumption			
Part 2				
Q1	Q2	Q3	Q4	Q5
Experiential Marketing	Relationship Marketing	Product (Marketing Mix)	Experiential Marketing	Website design
	Brand Marketing	Brand Marketing	Technical Environment	Technical Environment
	Price (Marketing Mix)		Website design	Product (Marketing Mix)
				Brand Marketing

The Table 1 points out the correlation between the theoretical part and questionnaire, which means all the questions in the survey are based on the content of theoretical part. The theoretical part mentioned some parts such as marketing mix, the 4ps, with internet marketing and environment analysis of internet marketing, putting into the questionnaire. Tmall is a business to customer enterprise, it can give information about B to C internet marketing strategies. With the help of the relative questions in the survey, respondents

will show their understanding about internet marketing. Combining with research objectives presented before, the literature review and questionnaire to learn about the features about the internet marketing, the advantages and the marketing strategy of Tmall.

3.3 Reliability and Validity

Reliability is the consistency or stability of the measurement result. Validity refers to the degree to which the properties of things can be measured accurately and truthfully. Reliability shows the consistency and stability of the research results, and also the evaluation criteria for the consistency and stability of the research results. In a research process that has high reliability, regardless of who operates it or how many times it is performed, the result is always very consistent. A validity research program cannot only answer the research questions and explain the results, but also ensures the results. Combining the two functions, reliability and validity are guarantees of the value and significance of research activities and results. The reliability of research is a necessary prerequisite for the validity of research. Validity cannot exist alone without reliability. In other words, reliability is the content that must have in a research. (Carmines & Zeller 1979)

In this research, all the data is primary data, which means all the data is directly from the respondents. It increases the reliability and validity of the research. For reliability, the questionnaire was composed of words that were easy to understand. All the survey are sent online, so it is possible to get the result of the respondents. At the same time, the online questionnaire also has a record, which can clearly analyze the respondents' result. And the sample quantity are as much as possible. (Litwin 1995, 34)

After finishing the questionnaire design, I firstly sent it to the supervisor to make sure that the survey is connected with theoretical part and the research objectives. This is actually what validity requires. Also, all the respondents have had the relevant shopping experience. It increased the research validity.

3.4 Survey Result

The questionnaire was sent to totally 200 people, received 148 responses, from 8th to 15th of February.

3.4.1 Part 1 of survey

As there are two parts in the questionnaire. Part one contains the general questions about internet marketing. The first two questions in part one ask the basic information of the respondents, including gender and age. The age was divided into four parts - younger than 18 years old, 19 to 30 years old, 31-40 years old and over 40 years old. As the table shows (see table 2), female respondents (100) are more than male (48), and female accounts for 67% of total while male are 32%. In this part of the age, the number is more consternated in the younger generation-19-30 years old (109, 73%). Second is age between 31-40 years old (19, 12%). And the people of age under 18 years old and over 40 years old are respectively 5 and 15.

Table 2. The gender and age of respondents.

		Frequence	%
1. Gender	Male	48	32.4
	Female	100	67.6
2. Age	≤18	5	3.4
	19-30	109	73.6
	31-40	19	12.8
	>40	15	10.1
Total		148	100

The next question is “Do you often shop online?” There are four options of this question – always shopping online, shopping online more than going to stores, going to stores more than shopping online and hardly shopping online. According to the table as below (see table 3), 77 people (52%) of total would like to shop online more than stores. Then, 41 of 148 persons are always shopping online. And 19% (29) respondents go to stores more than they shop online. Only one person is hardly ever shopping online.

Combining question 3 with respondents’ age, it is easy to notice that respondents of ages under 18 years old, 19-30 years old and 31-40 years old, more than half of them (respectively 60%, 54%, 68%) would like to shop online more than going to stores, while the respondents who are over 40 years old would more like go to stores rather than shopping online.

Table 3. Do you often shop online? Divided by age range.

		Age				Total
		≤18	19-30	31-40	≥40	
3. Do you often shopping online?	always shopping online	2(40.0)	31(28.4)	4(21.1)	4(26.7)	41(27.7)
	shopping online more than going to stores	3(60.0)	59(54.1)	13(68.4)	2(13.3)	77(52.0)
	going to stores more than shopping online	0(0.0)	18(16.5)	2(10.5)	9(60.0)	29(19.6)
	hardly shopping online	0(0.0)	1(0.9)	0(0.0)	0(0.0)	1(0.7)

In order to learn about the competitive advantages of an online shopping website, next question asks where you often shop online. All the options are well-known online website in China.

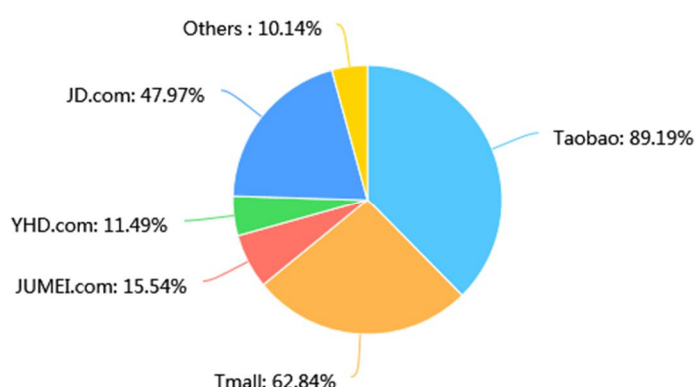


Figure 7. Where do you often shop online?

As the bar shows (see Figure 7), Taobao becomes the most popular online shopping website, 89% of the respondents chose Taobao – a C2C website. Next is Tmall, the case company of this research, reaching 62%. Both Taobao and Tmall belong to the Alibaba group, the difference is that Taobao is C2C website, Tmall is B2C website. JD.com is the biggest competitor of Tmall, because JD also is a B2C company. The bar shows that 47% of the respondents would like to shop in JD.com. And 15.54% of the respondents chose the JUMEI.com- a Cosmetics website. And 11% of the respondents are shopping on YHD.com.

In order to understand the purpose of why the respondents are shopping online, the question “main reason for online shopping” was asked. According to Figure 8, there are four kinds of options to choose. It shows that 72% of the respondents would like to shop online because of simple and continent of it, which means everyone can just use mobile phone and laptop to shopping. The reason why 56% of the respondents choose online shopping is that they consider a wide range of options. There is a large variety of products on the

internet. And the range of choice is very large. So users can choose and compare the product they need online according to their needs. There are 37% of the respondents consider the cheap as their main reason for online shopping. Because there are a variety of products on the internet, some sellers would like to lower the price to show the advantage of competition. Only 8% of the respondents like this kind of mode of online shopping. In other words, this shopping model might give consumers the pleasure of shopping.

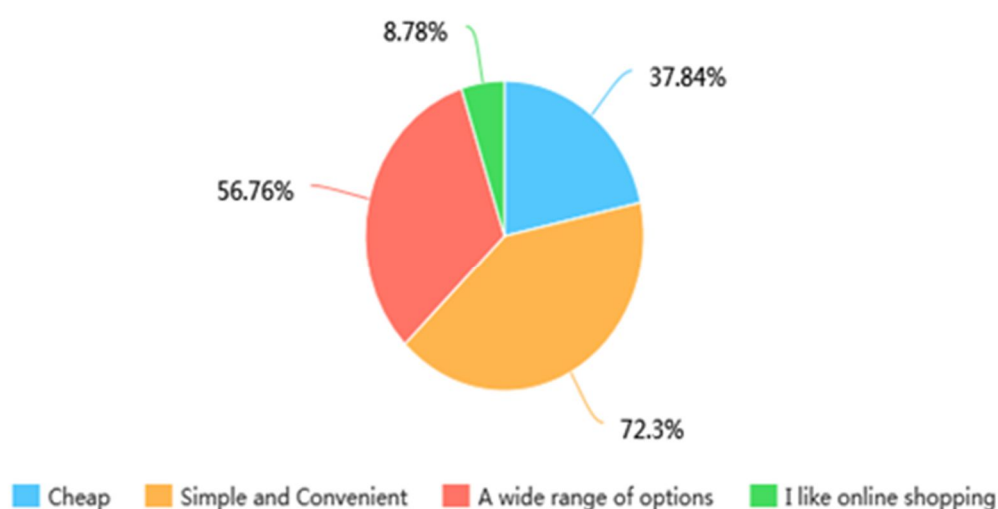


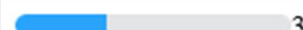
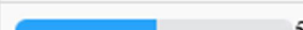
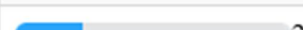
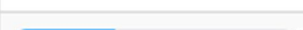
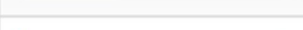


Figure 8. What is your main reason for online shopping?

The sixth question asked about the main factors that affect people's shopping selection. The seven possibilities are pointed out. It is clear to see from Table 4, guaranteed product brand and low prices are the most important factors that affect respondents' purchasing choices. There are 78 persons (52%) that chose both of them. According to this, we can learn that people are focused on the brand and price when they are shopping. Fast logistics and distribution comes next, with 76 (51%) respondents' choices. Except for price and brand, fast and safe logistics are paid attention to as well when they are shopping online. And then, there were 54 respondents who chose feedback as the most important factor. In other words, reviews from other customers are also very important for shopping. According to the variety of views, customers can gain information about the product performance before buying it. This is a very reliable way to decide if this product is worth buying. 49 respondents (33%) chose efficient services as the factor to consider when they shopping. This kind of efficient service might include live chat, fast and effective after-sales service, reply to questions in time, etc. Actually this is a very important part of

online shopping. When the customer's problems cannot be resolved in time, it will directly affect the customer's shopping experience. Only 37 people chose a secure payment method as the biggest concern about online shopping. With the development of technology, the issue of security has gradually been protected. There are less people who feel anxious about online shopping security. There are four respondents who chose other, and they gave their description like quality of products.

Table 4. What aspects do you think will most affect your shopping selection?

Guaranteed product brand↵	78↵	 52.7%↵
Low prices↵	78↵	 52.7%↵
Efficient service↵	49↵	 33.11%↵
Fast logistics and distribution↵	76↵	 51.35%↵
Secure payment method↵	37↵	 25%↵
Feedback from other customers↵	54↵	 36.49%↵
Others↵	4↵	 2.7%↵

Next question is about the reaction of people towards updates of online product information. According to the pie chart (Figure 9), it is shown that more than half of the respondents (57%) pay attention to update of product information occasionally. 25% of the respondents pay little attention to the update of product information on the internet. This part of people might not take the initiative to focus on product information updates. Only 9% of the respondents would like to pay actively attention to the product information online. There are still 7% of people who never pay attention to the updates of product information.

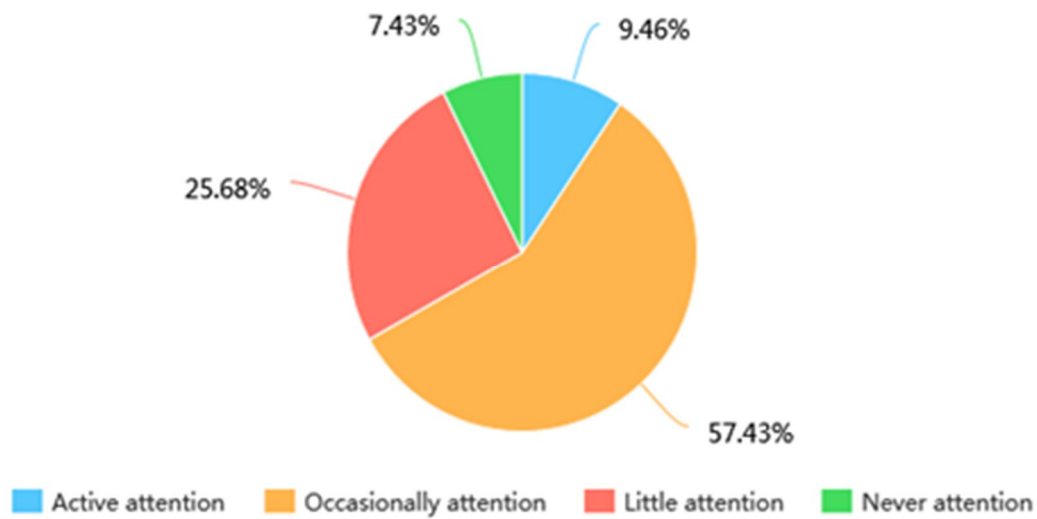


Figure 9. Do you often notice updates of product information on the internet or websites of certain brand?

This question is about whether ads will affect the shopping choices. As can be seen in the chart (Figure 10), it is easy to notice that more than half of respondents (54%) consider that advertisements will affect their purchase a little. If they have free time, they might look through some advertisements online. 38% of the respondents think that advertisements will have a great impact on their shopping. This part of the people rely heavily on advertising. Advertising can determine their shopping selection. This part of the population is the target people of the company's advertising business as well. Only 8% of the respondents consider that ads will not affect their purchase. Few people shopping online just buy the products that they need.

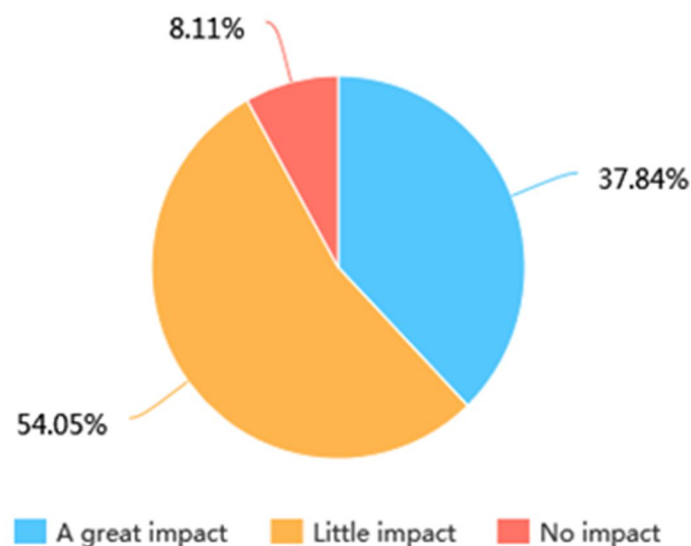


Figure 10. Does the advertisements on the websites affect your purchase?

The ninth and tenth question ask how people respond to internet marketing. The ninth question is about the type of internet marketing. There are three kinds of internet marketing methods in the options. The bar chart (Figure 11) shows that the advertising of promotional activities is the most popular type of internet marketing, 68% of the respondents chose it. Promotion is still the most important way to attract consumers. And 51% of the respondents would like to focus on advertisements of products on the web page. There are 26% of people like to focus on the corporate website. This approach can focus more directly on product dynamics. And 6% of the respondents chose others.

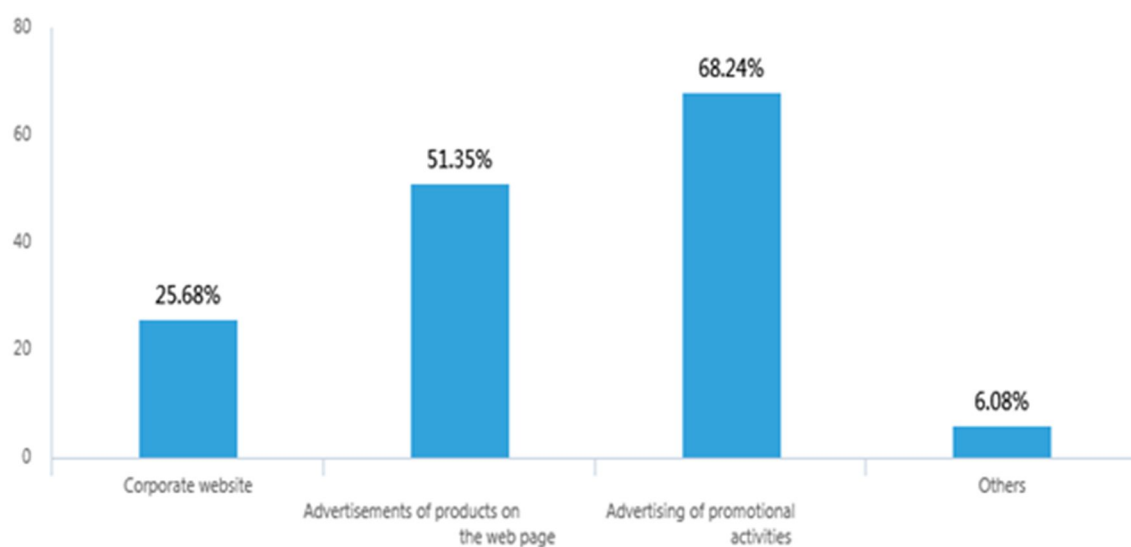


Figure 11. What type of internet marketing will you focus on?

The last question in part one is about the environmental aspects of internet marketing that need to be improved. Six possibilities are listed as options. According to the pie chart (Figure 12), the quality of the product is the most worrying aspect for consumers. 78% of the respondents show that product quality is the most needed improved part of internet marketing environment. Internet marketing is based on virtual network platform, which is more uncertain than in the real economy world. Because the quality of the product cannot be confirmed in the time of shopping, it is the most common and major concern for consumers. 62% of the respondents consider that the environment of internet marketing lacks management, such as the overflow of advertisements. Such a huge information platform, if in lack of management, network information will be overspread. 56% of the respondents are concerned with the after-sales service of internet marketing. After-sales

service is the most important part of sales. It can affect consumers' satisfaction with shopping. With the change of consumer concept, they are not only concerned with the product itself, but also prefer a company with high-quality after-sales service. 34% of the respondents chose network security as the most needed improvement factor. Network security guarantees the security of consumer's personal information. 28% of the respondents consider that the online system is not perfect. And 3% of people chose others.

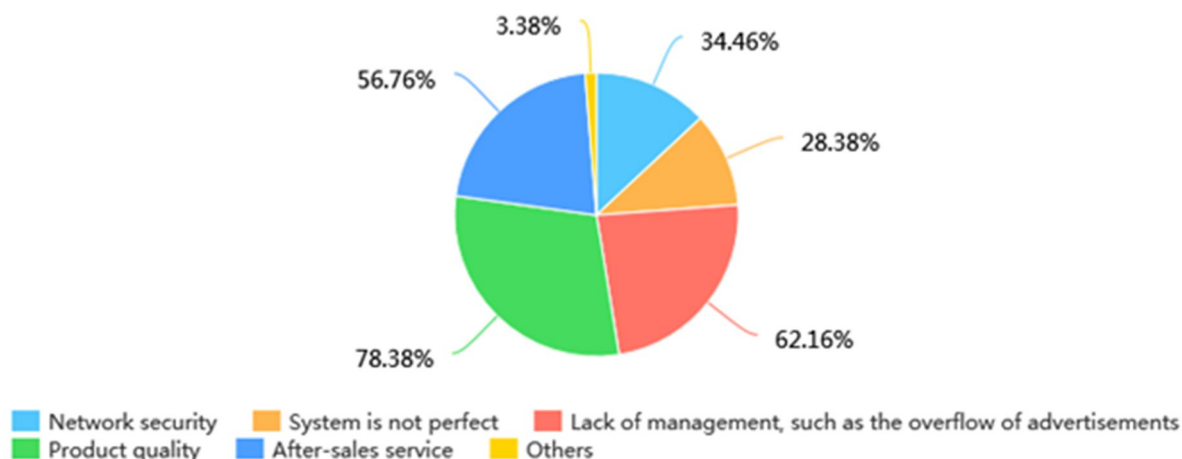


Figure 12. What aspect do you think is the most needed improvement in the internet marketing environment?

3.4.2 Part 2 of survey

There are five questions about Tmall. The first question is a general question to learn if the respondents ever experienced shopping at Tmall. 144 of 148 respondents have been shopping at Tmall in the past. Only four respondents have no experience of shopping at Tmall.

The second question is the reason why to choose Tmall for shopping, in other words, this is also the competitive advantage of Tmall comparing with other shopping websites. As the table shows (Figure 13), 59% of the respondents consider that Tmall has good quality. Because Tmall is a B2C website, the products are guaranteed by quality. Comparing with the C2C website- Taobao, Tmall has a higher level of quality. 51% of the respondents think that Tmall has good after-sales services. Tmall has a policy that if there is any problem with the product within seven days after the purchase, the product can be returned or replaced by Tmall free of charge. This is one of the biggest reasons why people choose

Tmall. 44% of the respondents choose Tmall because of low price. 40% of the respondents consider that Tmall has fast delivery. Tmall has warehouses in many Chinese cities, adding to its efficiency. It will try to ensure that customers receive packages in the fastest time, especially food products, which can be received on the day of payment. Only 8% of the respondents choose others.



Figure 13. Why do you choose Tmall?

The third question is about the type of product consumers often buy on Tmall. The following bar chart (Figure 14) shows that 79% of the respondents would like to buy daily supplies on Tmall. And 47% of the respondents like to buy foods on Tmall. Tmall has its own online market, there are all kinds of daily supplies and foods. The products can be delivered on the same day you pay. 64% of the respondents would like to buy clothes on Tmall. Many brands build their own online stores on Tmall to facilitate customers. Shopping on Tmall has the brand protection. 27% of the respondents buy books on Tmall. 25% of people like to purchase digital appliance such like TV, laptops, mobile phones, etc. 5% and 7% of the respondents like to buy virtual products and others respectively.

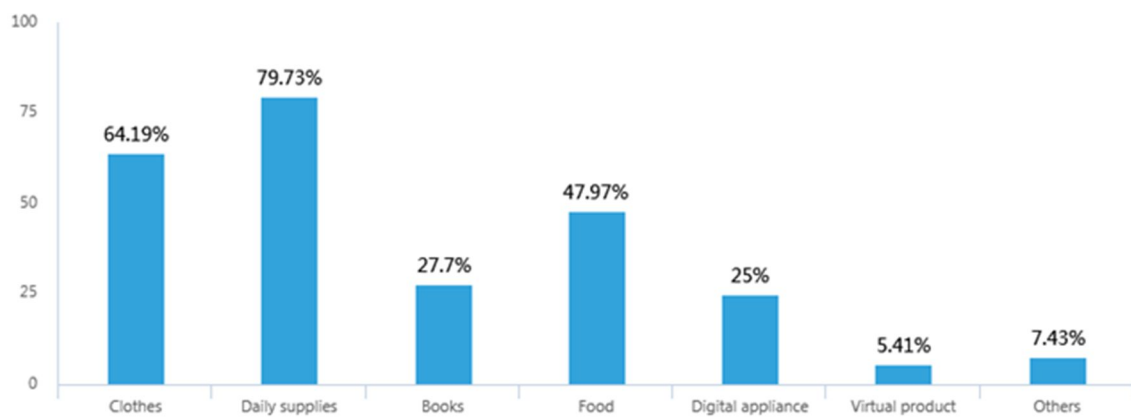


Figure 14. What kind of product do you usually buy on Tmall?

The fourth question is the consider factors of the respondents. There are four kinds of factors, and respondents give a rate from 1-5. According to table 5, 55 (37%) of 148 respondents consider themselves neutral to the credit rating of the online shop stores. 55 (37%) of 148 respondents agree that the transaction records monthly of production is the main factor to take into account. The more transaction records means the more sales of products, it can increase the trust of consumers. 61 respondents (41%) agree that reviews of customers should be considered. The product reviews can indirectly provide information to consumers. This helps to promote the word of mouth of company. There are 70 of 148 respondents (47%) strongly agree that service is the factors to think about when choosing an online store. Service directly affects customer satisfaction. Good service can provide consumers with a good shopping experience.

Table 5. How much do you agree the following factors you consider when choosing an online store to shop?

	1. Strongly disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly agree
Credit rating	6(4.05%)	5(3.38%)	55(37.16%)	47(31.76%)	35(23.65%)
The transaction records monthly of production	6(4.05%)	5(3.38%)	52(35.14%)	55(37.16%)	30(20.27%)
The reviews of product	3(2.03%)	1(0.68%)	28(18.92%)	61(41.22%)	55(37.16%)
Service	3(2.03%)	3(2.03%)	20(13.51%)	52(35.14%)	70(47.3%)

The last question of part two is about the biggest worry about Tmall. The Figure 15 display the result of this question. There are 83% of the respondents worried about product quality. This result is same as question ten of part 1. In internet marketing, product quality is the most concerned issue of consumers. Quality is also the most essential part of the

product. 35% of the respondents consider that the process of product returned is complex. This process may take some time, and even the consumers themselves pay the freight. 25% of the respondents are concerned about the website security. Network security provides a guaranteed service for the platform. Only 10% of the respondents are not familiar with the website. 2% of respondents chose others.

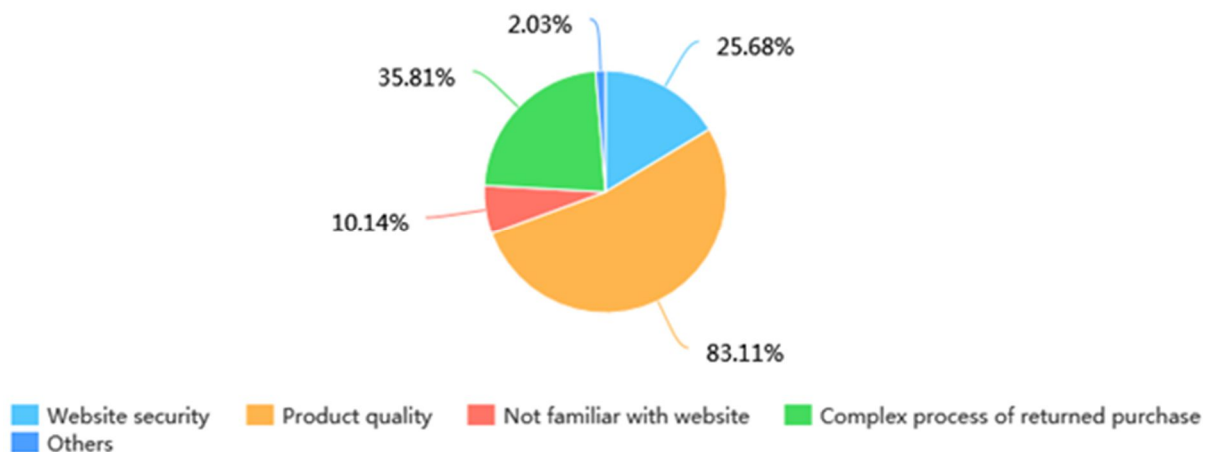


Figure 15. What was the biggest worry about shopping on Tmall?

3.5 Summary of survey result

According to the result of questionnaire, while more and more people are beginning to understand internet marketing, the people between the ages of 20 and 30 are still in the majority. The mode of internet marketing has provided convenience to most people's lives, which is also the one that attracts them the most. In terms of customer behavior, they concentrate more on the products with low price and guaranteed brand. For the advertising of internet marketing, most consumers only pay attention to the relevant information occasionally, and it will not have too much influence on the purchase behavior of consumers. However, the most popular form of online marketing is the promotion. About the environment of internet marketing, most people expressed that they are concerned about the quality of products and improper management.

As the result shows, Taobao is Tmall's biggest competitor. Basically, all respondents have experience of Tmall shopping. Compared with other online shopping websites, the competitive advantage of Tmall is products with good quality and good after-sales service. At the same time, product quality is also a biggest concern for respondents when they are

shopping. The result displays that most people would like to buy the daily supplies and clothes on Tmall.

4 CONCLUSION

In this part, the research result from survey and theoretical part will be summarized firstly. Combining with the research objective, the conclusion of this thesis will be given. Last part is the recommendations for the case company.

4.1 Concluding the Research

The research focuses on two main research problems, the first problem is the current situation of internet marketing, which include the advantages compared with traditional marketing. First of all, traditional marketing promotion requires a lot of money and manpower to conduct market research, but online promotion can reduce the cost greatly. Secondly, the internet can help businesses increase sales opportunities, such as advertising and services, to promote sales. According to the survey, a part of people will focus on the advertisements on the internet. At the same time, it also eliminates geographical limitations. The most attractive aspect of online marketing is that it provides convenience for life, even if the area is different, it can also be used for online shopping. Thirdly, the internet marketing has the characteristic of initiative and interactivity, the enterprise can strengthen the connection with the customer through the form of website or email. After shopping, customers also can leave a comment in the web site. If the products have problems, enterprises will be able to contact the customer. The reviews can provide information to customers about shopping as well. The survey shows that 36% of respondents would care about consumers' comments. Lastly, as the theory points out, internet marketing is a kind of marketing that focuses on customers and individuation, which reflects the "center" status of customers. In addition, the internet marketing can meet customer demand for shopping convenience, improve the efficiency of the customer's shopping, through the network, customers can learn about the related information before shopping, shopping at home, also can contact the manufacturer directly after purchase. In the questionnaire, there are 72% of the respondents who reflect that the biggest reason for choosing online shopping is simple and convenient. However, the environment of internet marketing needs to be improved. 78% of the respondents consider that the product quality should be improved. 62% of the respondents think that online websites lacks of management. The security of the network is also an obstacle to internet marketing. Due to the openness of the Internet, network transactions are faced with various risks. Online transaction security is a common concern among enterprises and consumers. In order to make

effective marketing strategy, Companies access too much to the user's personal information, making the internet privacy breaches, which caused Spam Mountain to affect the normal communication users.

According to part two of the survey, most people would like to shop on Tmall because of the good quality of products and good after-sales services. Tmall provides customers with all kinds of services, including 100% product guarantee, no reason to return products within seven days, Tmall integral, etc. It ensures the security of shopping and convenient consumption. Consumers do not need to worry about buying inappropriate products. Many high-profile businesses enter Tmall, which ensures the quality of the goods. At the same time, it increased the purchasing choice for customers, providing a good shopping experience. 79% of the respondents would like to buy the daily supplies on Tmall. 64% of people like to purchase clothes and 47% of the respondents buy the food on Tmall. Tmall has more and more variety of products. It has its own online supermarket, which makes up for the vacancy in daily products and becomes the first choice for consumers to realize one-stop shopping. To improve customer loyalty, Tmall also uses differential pricing. Customers are classified according to the different shopping amount so that customers can enjoy different discounts on shopping. This pricing approach, on the one hand, helps to boost customer loyalty, on the other hand, it also stimulating consumption. 47% of the respondents strongly agree that services is the factor they will consider when shopping online. 41% of people agree that the reviews of products are factor they will consider. Quality of product is the key factor that consumers consider, 83% of people in the questionnaire express that the product quality is the most worried factor when they shopping on Tmall. For consumers who shopping online, the quality cannot be directly perception. The sellers of Tmall need to use ways of words, pictures, video to reduce the risk of consumer shopping. At the same time, consumers will also look at credit rating of online store. Credibility is seen as a lifeline in the trading process. The credit rating of seller is inseparable from the reviews of many consumers. If the seller wants to get a good evaluation, it should deliver the goods within the promised time, respond to the buyer's problems timely, and ensure that the buyer can get the goods in time. However, it can be seen from the questionnaire that 89% of the respondents shop on Taobao, and 62% of the respondents shop on Tmall. Taobao's popularity is higher than Tmall, and the consumption

of Tmall is concentrated among young people. So for Tmall, it needs to be widely publicized to continuously deepen people's impression of Tmall, so as to attract more consumers.

4.2 Recommendations for the Case Company

Firstly, Tmall and Taobao belong to Alibaba group, while Tmall relies too heavily on the user entrance provided by taobao.com, which makes consumers confused about the Tmall brand and Taobao's brand. Once there is a crisis on Taobao, it will impact Tmall, making it less able to resist risk. Tmall needs to optimize product structure, controlling the quantity and quality of the sellers, so that all kinds of sellers in similar products can compete in a fair market to break through the dependence on Taobao.

Secondly, since most customers have time requirements for shopping on the Internet, fast delivery and service is directly related to customers' shopping experience. Therefore, Tmall needs to break through the barriers of logistics, transforming third-party logistics into its own unified logistics. Let logistics change from a disadvantage to be an advantage, forming competitiveness.

Lastly, Tmall needs to strengthen the promotion of products, bring out more influential promotional activities to build core competitiveness with price and quality.

4.3 Discussion of the Research

According to this study, I learnt about the current situation of the internet marketing in China. The whole research process is very smooth. During the study, I searched a lot of relevant information, including literature and network information. Then doing the research from the four theoretical aspects of China's internet market for deeper analysis. After the literature research, it also carried out practical research including a questionnaire, so as to further understand the implementation of internet marketing in the actual market. The questionnaire has been most people replied, but for me, in the whole research process, the most challenging part is how to combine theoretical and practical analysis, including how to set up survey on the basis of the literature.

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Part1

1. Gender

- Female
- Male

2. Age

- Under 18 years old
- 19-30 years old
- 31-40 years old
- More than 40 years old

3. Do you often shop online?

- I always shopping online
- I shopping online more than going to stores
- I am going to stores more than shopping online
- I hardly shopping online

4. Where do you often shop online?

- Taobao
- Tmall
- JUMEI.com
- YHD.com
- JD.com
- Other online shopping mall

5. What is your main reason for online shopping?

- Cheap
- Simple and Convenient
- A wide range of options
- I like online shopping

6. What aspects do you think will most affect your shopping selection?

- Guaranteed product brand
- Low prices
- Efficient service

APPENDIX 1

2(3)

- Fast logistics and distribution
- Secure payment method
- Feedback from other customers
- Others

7. Do you often notice updates of product information on the internet or websites of certain brand?

- Active attention
- Occasionally attention
- Little attention
- Never attention

8. Does the advertisements on the website affect your purchase?

- A great impact
- Little impact
- No impact

9. What type of internet marketing will you focus on?

- Corporate website
- Advertisements of products on the web page
- Advertising of promotional activities
- Others

10. What aspect do you think is the most needed improvement in the internet marketing environment?

- Network security
- System is not perfect
- Lack of management, such as the overflow of advertisements
- Product quality
- After-sales service

Part 2

1. Did you ever shopping at Tmall?

- Yes
- No

2. Why do you choose Tmall?

- Good quality
- Low price
- Fast delivery
- Good after-sale service
- Others

3. What kind of product do you usually buy on Tmall?

- Clothes
- Daily supplies
- Book
- Food
- Digital appliance
- Virtual product
- Others

4. How much do you agree the following factors you consider when choosing an online store to shop? Please give a rate from 1-5 (1 is strongly disagree, 5 is strongly agree)

- Credit rating
- The transaction records monthly of production
- The reviews of product
- Service

5. What was the biggest worry about shopping on Tmall?

- Website security
- Product quality
- Not familiar with website
- Complex process of returned purchase
- Other

